

Message Text

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ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 ABF-01 SCSE-00 CIAE-00
DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05
PA-02 PRS-01 SP-02 SS-15 USIA-15 COME-00 EB-07
LAB-04 SIL-01 A-01 OPR-02 SY-05 OC-06 CCO-00
ST-01 CAB-05 DOTE-00 EPG-02 FAA-00 MCT-01 /114 W
-----151350Z 077171 /43

R 151025Z JUN 77

FM AMEMBASSY REYKJAVIK
TO SECSTATE WASHDC 7373
INFO AMEMBASSY CANBERRA
AMEMBASSY VIENNA
AMEMBASSY BRUSSELS
AMEMBASSY OTTAWA
AMEMBASSY COPENHAGEN
AMEMBASSY HELSINKI
AMEMBASSY PARIS
AMEMBASSY BONN
AMEMBASSY ATHENS
AMEMBASSY DUBLIN
AMEMBASSY ROME
AMEMBASSY TOKYO
AMEMBASSY LUXEMBROUG
AMEMBASSY THE HAGUE
AMEMBASSY WELLINGTON
AMEMBASSY OSLO
AMEMBASSY LISBON
AMEMBASSY MADRIS
AMEMBASSY STOCKHOLM
AMEMBASSY BERN
AMEMBASSY ANKARA
AMEMBASSY LONDON
USMISSION NATO
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UNCLAS REYKJAVIK 0807

USOECN, USEEC

DEPT FOR EUR/NE, EUR/EX, A/BF, SCS

E.O. 11652: N/A

TAGS: ABUD, ELAB, ECON, IC
SUBJECT: LABOR TALKS - INTERNATIONAL AND DOMESTIC FLIGHTS TO
STOP FOR INDEFINITE PERIOD

REF: REYKJAVIK 0784 (NOTAL)

LATEST STRIKE MEASURE ANNOUNCED BY ICELANDIC FEDERATION OF LABOR (IFL) IS FOR A STOPPAGE OF INTERNATIONAL AND DOMESTIC AIRLINE FLIGHTS FOR AN INDEFINITE PERIOD FOLLOWING THE ONE DAY GENERAL STRIKE ON TUESDAY, JUNE 21. (THERE WILL ALSO BE NO FLIGHTS ON MONDAY, JUNE 20 BECAUSE OF PARTIAL STRIKE - SEE REFTEL). STOPPAGES WILL RESULT FROM GROUND CREW STRIKE AS PILOTS AND STEWARDESSES STILL HAVE VALID CONTRACT. MOREOVER, EXCEPT FOR FISHING SHIPS, NO DOMESTIC OR INTERNATIONAL OCEAN SHIPPING WILL BE HANDLED, UNLOADED OR TRANSPORTED.

2. EMPLOYERS FEDERATION OFFICIAL TOLD EMBASSY HE HAS NOT RECEIVED FORMAL NOTICE OF THE ABOVE, BUT EXPECTS TO MOMENTARILY. ALTHOUGH NEGOTIATIONS ARE CONTINUING, THE GENERAL MOOD IS MORE SUBDUED AND LOCAL FRUSTATIONS ARE BECOMING MORE OBVIOUS. POPULAR SENTIMENT FAVORS A SETTLEMENT, BUT NEGOTIATORS STILL HAVE A SUBSTANTIAL GAP TO NARROW.

3. RECENT CHINK IN THE "SOLID FRONT" ARMOR OF BOTH BUSINESS AND LABOR IS RECENTLY ANNOUNCED AGREEMENT BETWEEN UNIONS AND EMPLOYERS IN THE WESTFJORDS. A PROSPEROUS FISHING AREA, THE WESTFJORDS HAVE BEHAVED INDEPENDENTLY IN PAST AND UNCLASSIFIED

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ARE APPARENTLY READY TO DO SO AGAIN. THIS AS YET UNSIGNED AGREEMENT CALLS FOR A PHASED 30,000 KRONUR (\$150) MONTHLY INCREASE PLUS COST OF LIVING INCREASES. AGREEMENT WOULD EXPIRE AT END OF 1978. THIS COMPARES WITH OVERALL 21,000 IKR. (\$108) PROPOSALS (EACH DIFFERENTLY SPACED - SEE REFTEL) OF EMPLOYERS FEDERATION AND STATE ARBITRATION COMMITTEE WHICH WOULD TERMINATE MAY 1, 1979 AND NOVEMBER 1, 1978 RESPECTIVELY.

4. BOTH EMPLOYERS FEDERATION AND IFL HAVE EXPRESSED REGRET OVER WESTFJORD'S DECISION AND HAVE TRIED TO PERSUADE RESPECTIVE PARTIES NOT TO SIGN. BUT EMBASSY SOURCES INDICATE THAT THE AGREEMENT WILL MOST LIKELY BE CONCLUDED. ALTHOUGH PRECISE EFFECT ON NATIONAL NEGOTIATIONS IS NOT CLEAR, ITS CONCLUSION WILL INCREASE PRESSURE FOR SETTLEMENT AS POPULATION BECOMES INCREASINGLY FRUSTRATED OVER LONG-DRAWN OUT TALKS, INCONVENIENCES OF SPORADIC STRIKES, AND LIGHTER PAY ENVELOPES RESULTING FROM BAN ON OVER-TIME WORK.

5. MEANWHILE, DAILY STRIKES ARE PROCEEDING. FOR FIRST TIME SWISS-OWNED ALUMINUM FACTORY OUTSIDE REYKJAVIK WILL BE INVOLVED WHEN ALUMINUM WORKERS TAKE PART IN GENERAL STRIKE NEXT TUESDAY. HOWEVER, AN EXEMPTION HAS BEEN GRANTED TO ALLOW SMELTER POTS TO BE PROPERLY MAINTAINED IN ORDER TO PREVENT SERIOUS DAMAGE TO OVERALL PLANT OPERATIONS WHICH WOULD OTHERWISE RESULT.

6. FORTHCOMING AIRLINE STRIKE IS ALREADY CAUSING SERIOUS REPERCUSSIONS WITH MANY ICELANDERS CANCELLING RESERVATIONS LEST THEY BE STRANDED ABROAD. LAST YEAR'S TWO-WEEK GENERAL STRIKE CAUGHT A NUMBER OF ICELANDERS ABROAD AND HARD PRESSED FOR FUNDS SINCE THEY MAY TAKE ONLY SMALL SUMS IN HARD CURRENCY OUT OF ICELAND. IMPACT ON FOREIGN TOURISM IS ALSO SOURCE OF CONCERN TO HOTELS, ETC. MANY AMERICAN STUDENTS AND TOURISTS WHO MIGHT OTHERWISE PLAN

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TO TAKE ADVANTAGE OF THE CHEAPER NON-IATA FARES OF ICELANDIC AIRLINES (LOFTLEIDIR) BETWEEN NY/CHI AND LUXEMBOURG WILL BE AFFECTED SINCE THE FLIGHTS MUST TOUCH DOWN IN ICELAND, AND ACCORDINGLY WILL BE GROUNDED FOR THE DURATION OF THE STRIKE.

7. EFFECTS OF AIRLINE AND SHIPPING STRIKE ON EMBASSY AND NATO BASE OPERATIONS WILL DEPEND ON LENGTH AND INCLUSIVE NATURE OF STRIKE. WHILE PROLONGED AIRLINE STRIKE DOES NOT NOW APPEAR IN OFFING, BETTER ASSESSMENT WILL BE AVAILABLE NEXT WEEK AFTER EVALUATING THIS WEEK'S PROGRESS IN THE NEGOTIATIONS.

BLAKE

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